

Message Text

CONFIDENTIAL

PAGE 01 PEKING 01646 051003Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-08 COME-00 TRSE-00 CU-04 OMB-01 IO-13

AGRE-00 /082 W

-----105981 060630Z /16

R 060857Z AUG 77

FM USLO PEKING

TO SECSTATE WASHDC 8355

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1646

E.O. 11652: GDS

TAGS: ETRD CH US

SUBJ: CHIEF OF USLO CALL ON MINISTER OF FOREIGN TRADE

1. SUMMARY. USLO CHIEF CALLED ON MINISTER OF FOREIGN TRADE LI CHIANG AUGUST 5, AND SAID THAT ADMINISTRATION POLICY WAS FOR PROGRESSIVE IMPROVEMENT OF TRADE IN ACCORDANCE WITH THE SHANGHAI COMMUNIQUE. LI SAID THAT GANG OF FOUR AND NATURAL DISASTERS HAD DAMAGED ECONOMY IN 1976, BUT THAT PROSPECTS WERE BRIGHT. LI THOUGHT PROBLEM OF WHEAT INSPECTION COULD BE SOLVED, AND THAT THOUGH PRC POLICY WAS UNCHANGED, CREDIT TERMS IN CONCRETE CASES COULD BE EXAMINED. HE RAISED THE SUBJECT OF "SPECIAL IMPORTS TO PRODUCE EXPORTS" ON HIS OWN INITIATIVE.
END SUMMARY

2. CHIEF OF USLO WOODCOCK PAID A COURTESY CALL ON MINISTER OF FOREIGN TRADE LI CHIANG AUGUST 5. HE EXPLAINED THAT THE POLICY OF THE CARTER ADMINISTRATION WAS TO PURSUE THE PROGRESSIVE DEVELOPMENT OF TRADE WITH THE PEOPLE'S REPUBLIC OF CHINA IN ACCORDANCE WITH THE PRINCIPLES OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PEKING 01646 051003Z

THE SHANGHAI COMMUNIQUE. WE HAD ALREADY SEEN SOME INCREASE IN TRADE SO FAR THIS YEAR, AND HOPED FOR CONTINUED IMPROVEMENT.

3. LI SAID THAT 1976 HAD BEEN A YEAR OF NATURAL CALAMITIES, AND ARTIFICIAL OBSTACLES TO TRADE CREATED BY THE GANG OF FOUR. TOGETHER THEY HAD INFLUENCED

THE WHOLE COUNTRY'S ECONOMY.DAMAGE TO TRANSPORTATION SYSTEM AND THE LACK OF COAL FOR ELECTRICITY HAD HURT THE ABILITY OF THE ECONOMY TO CARRY ON PRODUCTION. AS A RESULT OF THE INTERFERENCE OF THE GANG, BOTH IMPORTS AND EXPORTS DECLINED IN 1976# AND THE PRC HAD A TRADE SURPLUS, WHICH WAS ABNORMAL.

4. SINCE CHINA WANTS TO ACHIEVE THE FOUR MODERNIZATIONS, LI SAID, IMPORTS OF TECHNOLOGY, EQUIPMENT AND RAW MATERIALS WILL INCREASE. HE WAS SURE THAT PROSPECTS WERE BRIGHT, ALTHOUGH TRADE IN 1977 WOULD NOT BE HIGH BECAUSE SO FEW CONTRACTS WERE SIGNED IN 1976 DUE TO THE INFLUENCE OF THE GANG OF FOUR. LI REFERRED VAGUELY TO OBSTACLES THAT STILL EXIST, IN SINO-US TRADE AND SAID THAT TRADE WILL DEVELOP FASTER AFTER THEIR REMOVAL.

5. AMBASSADOR WOODCOCK REPLIED THAT HE UNDERSTOOD THERE WERE OBSTACLES, AND THAT WE WOULD MOVE TOWARD THEIR REMOVAL.

6. AMBASSADOR WOODCOCK NOTED WITH PLEASURE THE RESUMPTION OF CHINESE PURCHASES OF AGRICULTURAL COMMODITIES FROM THE US, AND HOPED THAT A WAY COULD BE FOUND TO SET UP A SYSTEM FOR INSPECTION OF WHEAT, SUCH AS SEGREGATION OF WHEAT, WHICH WOULD

CONFIDENTIAL

PAGE 03 PEKING 01646 051003Z

BE SATISFACTORY TO BOTH THE PRC AND THE US SHIPPERS. LI SAID THAT IT WAS IMPORTANT TO KEEP TCK SMUT OUT OF CHINA, BUT HE THOUGHT THE PROBLEM COULD BE SOLVED.

7. ON THE FOREIGN TRADE CONFERENCE, LI SAID ONLY THAT IT WAS INTENDED TO IMPROVE THE EFFECTIVENESS OF FOREIGN TRADE PERSONNEL BY "DOUBLE LEARNING" FROM BOTH TACHING AND TACHAI.

8. WHEN ASKED ABOUT PRC POLICY TOWARD DEFERRED PAYMENTS, LI SAID THAT THE POLICY REMAINED UNCHANGED, BUT THAT IN CONCRETE CASES THE TERMS COULD BE EXAMINED. THE LENGTH OF REPAYMENT PERIOD HAD NOT YET BEEN STUDIED, BUT IN INDIVIDUAL CASES COULD BE EXAMINED.

9. LI HIMSELF RAISED THE PROBLEMS OF "SPECIAL IMPORTS TO PRODUCE EXPORTS" AND LABELLING WHICH HE SAID COULD NOT BE SOLVED BEFORE BECAUSE OF THE GANG OF FOUR. NOW THAT THIS OBSTACLE HAS BEEN

REMOVED, HE SAID, WE CAN STUDY THESE PROBLEMS
TOGETHER.

10. COMMENT. LI, WHO HAD JUST CONCLUDED THE FOREIGN
TRADE CONFERENCE, APPEARED TIRED BUT IN GOOD SPIRITS.
HIS ATTITUDE WAS POSITIVE ON THE PROBLEM OF US
WHEAT SALES, WITHWHICH HE WAS THOROUGHLY FAMILIAR.
HIS REMARKS ON CREDIT POLICY APPEAR TO LEAVE OPEN
THE POSSIBILITY OF LONGER-TERM SUPPLIER CREDITS AND
POSSIBLY EVEN OTHER KINDS OF CREDIT "IN CONCRETE
CASES".

11. LI'S REFERENCE TO "SPECIAL IMPORTS TO PRODUCE
EXPORTS" IS INTRIGUING. IT MAY REFER TO A RECENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 PEKING 01646 051003Z

PROPOSAL OF AN AMERICAN FIRM TO PERMIT THE PRC TO
PRODUCE AND EXPORT AN AMERICAN DESIGN UNDER LICENSE,
OR LESS PROBABLY, IT COULD REFER TO SOME ARRANGEMENTS
TO IMPORT GOODS FOR PROCESSING IN CHINA. WE WILL
FOLLOW UP ON THIS STATEMENT.

12. MEMCON WILL FOLLOW BY POUCH.
WOODCOCK

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN TRADE, COMMON FUND
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PEKING01646
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770282-0622
Format: TEL
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770888/aaaacweh.tel
Line Count: 144
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 49e25160-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1681379
Secure: OPEN
Status: NATIVE
Subject: CHIEF OF USLO CALL ON MINISTER OF FOREIGN TRADE
TAGS: ETRD, CH, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/49e25160-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009